

Washington State Liquor Control Board

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**INTER-OFFICE CORRESPONDENCE**

Town: Olympia, Wash.

Date: December 18, 1964

To: Garland Sponburgh, Chairman

From: James E. Hoing, Controller

Subject: Wines, Other than Domestic.

In the fiscal year ended June 30, 1964, the Board sold 1,519,547.6 gallons of wine through its liquor outlets, and made a gross profit of approximately \$2,188,662.. In addition, the Board collected approximately \$573,707. in sales taxes, and the Tax Commission, about \$240,000.. Hence, total **net revenue** ( before operating expenses ) from wine sales through Board outlets totaled about \$3,002,369..

If the subject wines were removed from the liquor stores the gross profit would be lost to the state. However, if taxes remained at the present rate, there would not be any loss of revenue from that source, providing the new outlets charged prices comparable to ours, and consumption remained relatively constant.

If the tax rate was reduced from 15% to 10%, and prices and consumption remained constant, there would be a loss of revenue of approximately \$270,000..

In summary, possible losses of revenue to the state are as follows:

Gross Profit on Wine Sales	\$2,188,662.
Reduction in Sales Tax from 15% to 10%	\$ 270,000.

*James E. Hoing*  
James E. Hoing  
Controller

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<b>PLAINTIFF'S EXHIBIT</b>	
CASE NO.	CV04-0360P
EXHIBIT NO.	034

WSA04546

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